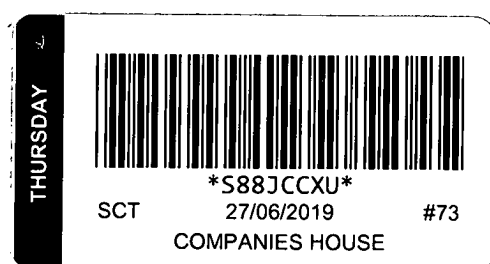


Registered number: SC006517

AYRSHIRE METAL PRODUCTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



AYRSHIRE METAL PRODUCTS PLC

COMPANY INFORMATION

Directors	M L Wilson (Chairman) P J Short (Group Managing Director) (resigned 31 March 2018) M J Brown (resigned 31 March 2018) D K Pickerill F M Stafford Charles
Registered number	SC006517
Registered office	Excel House 30 Semple Street Edinburgh EH3 8BL
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB

AYRSHIRE METAL PRODUCTS PLC

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AYRSHIRE METAL PRODUCTS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The Group improved profit in 2018 compared to 2017. At the year end the Group had net assets of £9.0m (2017 - £7.7m) which includes cash balances of £1.0m (2017 - £3.0m). Current political and economic uncertainties may impact on the ongoing performance of the group.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties to the business to be;

- i) any decline in the economic and market conditions
- ii) an increase in competitive pricing
- iii) reduced margins

Key performance indicators

	2018	2017
	%	%
Return before tax on net assets	5.1	3.1
Return before tax on sales	1.7	1.0
Operating margin to sales	1.9	1.0

Financial risk management and objectives

The Group plans to finance its operations through retained profits and cash. The Group has various financial instruments such as trade debtors and trade creditors. The main purpose of the cash is to maintain adequate resources for the Group's operations. The Group does not enter into derivative transactions.

The Group does trade in financial instruments. The board reviews and agrees policies for managing each of the following risks:

Interest rate risk

The Group seeks to deposit cash assets safely to minimise risk while maximising the interest received.

Liquidity risk

The Group seeks to ensure it has sufficient liquidity available to meet foreseeable needs. Cash reserves minimise liquidity risk.

Currency risk

The Group is exposed to translation and transaction foreign exchange risks. The Group seeks to manage these risks by limiting exposure to foreign exchange fluctuations.

Credit risk

All customers who wish to trade on credit terms are subject to credit vetting procedures, and debtors are monitored on an ongoing basis.

This report was approved by the board and signed on its behalf.


D K Pickering

Director

Date:

21/03/2019

AYRSHIRE METAL PRODUCTS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group is the production of cold rolled steel profiles.

Results and dividends

The profit for the year, after taxation, amounted to £342k (2017 - £144k).

Dividends declared and paid during the year totalled £Nil (2017 - £Nil).

Directors

The directors who served during the year were:

M L Wilson (Chairman)
P J Short (Group Managing Director) (resigned 31 March 2018)
M J Brown (resigned 31 March 2018)
D K Pickerill
F M Stafford Charles

Future developments

The Group aims to continue to develop its strategy to increase its overall market share.

AYRSHIRE METAL PRODUCTS PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Payment policy

The Group's policy is to agree the terms of payment with suppliers prior to transacting. Trade creditors at the year end amounted to 42 days of average supplies (2017 - 37 days).

Research and development activities

The Group is committed to research and development in order to secure its position as one of the largest producers of cold formed profiles.

Employee involvement

The Group's policy is to consult and discuss with employees, through staff councils, unions and at meetings, matters likely to affect employee's interest. Information on all matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. The employment policies operated throughout the Group are designed to ensure full and consideration to all and, where appropriate, to promote employment of disabled persons, and ensure continuity of employment and training for those persons who may become disabled during their period of employment with the Group. Continued close attention is paid to the health and safety of employees while at work. Consultation with employees is organised according to the particular needs of each location at which the Group operates. It is the policy of the Group that training, development and promotion activities should be obtainable by all employees.

Matters covered in the strategic report

Included in the strategic report is the business review, principal risks and uncertainties and key performance indicators.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

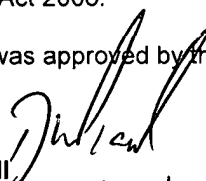
There have been no significant events affecting the Group since the year end.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

D K Pickerill
Director
Date:


21/03/2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AYRSHIRE METAL PRODUCTS PLC

Opinion

We have audited the financial statements of Ayrshire Metal Products Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Except for the matter described in the Basis for qualified opinion section of our report, in our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As detailed in note 23 to the financial statements, no recognition of the asset has been made in either the current or comparative period, for the assets and liabilities which arise on the continuing application of Section 28 'Employee Benefits' of FRS 102 in relation to the Group's and Parent Company's defined benefit pension scheme. As disclosed in note 23, the unrecognised pension scheme asset at 31 December 2018 was £190k (2017 - £264k) and the related unrecognised deferred tax liability was £32k (2017 - £45k). No entries have been made in the Group and Parent Company Statements of Financial Position in relation to the pension scheme asset or the related deferred tax liability. No entries have been reflected in the Consolidated Statement of Comprehensive Income in relation to the related movements and charges in the year. In our opinion the pension scheme asset and related deferred tax liability are required to be accounted for under Section 28 of FRS 102.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AYRSHIRE METAL PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AYRSHIRE METAL PRODUCTS PLC (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

AYRSHIRE METAL PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AYRSHIRE METAL PRODUCTS PLC (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

AYRSHIRE METAL PRODUCTS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Powell BA FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 27 March 2019

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	26,652	24,826
Cost of sales		(19,939)	(19,058)
Gross profit		6,713	5,768
Distribution costs		(1,731)	(721)
Administrative expenses		(4,454)	(4,809)
Operating profit	5	528	238
Income from fixed assets investments	8	13	-
Gains/(losses) on investments		(85)	-
Interest receivable and similar income	9	1	-
Profit before tax		457	238
Tax charge	10	(115)	(94)
Profit for the financial year		342	144
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		1,338	-
Currency translation differences		(6)	70
Deferred taxation on unrealised surplus revaluation of tangible fixed assets		(182)	13
Other comprehensive income for the year		1,150	83
Total comprehensive income for the year		1,492	227
Profit for the year attributable to:			
Owners of the parent company		342	144

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 36 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

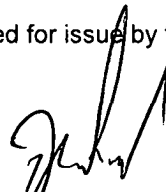
	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	12	5,091	4,065
		<u>5,091</u>	<u>4,065</u>
Current assets			
Stocks	14	2,807	2,433
Debtors: amounts falling due within one year	15	3,310	2,977
Current asset investments	16	1,419	-
Cash at bank and in hand	17	1,009	2,971
		<u>8,545</u>	<u>8,381</u>
Creditors: amounts falling due within one year	18	(4,140)	(4,440)
Net current assets		<u>4,405</u>	<u>3,941</u>
Total assets less current liabilities		<u>9,496</u>	<u>8,006</u>
Provisions for liabilities			
Deferred tax	19	(490)	(298)
		<u>(490)</u>	<u>(298)</u>
Net assets		<u><u>9,006</u></u>	<u><u>7,708</u></u>
Capital and reserves			
Called up share capital	20	2,463	2,463
Revaluation reserve	21	3,567	2,682
Capital redemption reserve	21	37	37
Profit and loss account	21	2,939	2,526
		<u>9,006</u>	<u>7,708</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M L Wilson (Chairman)
 Director

Date: 21/03/2019



D K Pickerill
 Director

Date: 21/03/2019

The notes on pages 14 to 36 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	12	14	14
Investments	13	1,460	1,460
		<u>1,474</u>	<u>1,474</u>
Current assets			
Debtors: amounts falling due within one year	15	5,620	4,485
Current asset investments	16	1,419	-
Cash at bank and in hand	17	155	1,151
		<u>7,194</u>	<u>5,636</u>
Creditors: amounts falling due within one year	18	(30)	(10)
Net current assets		<u>7,164</u>	<u>5,626</u>
Total assets less current liabilities		<u>8,638</u>	<u>7,100</u>
Net assets		<u><u>8,638</u></u>	<u><u>7,100</u></u>
Capital and reserves			
Called up share capital	20	2,463	2,463
Capital redemption reserve	21	37	37
Profit and loss account brought forward		4,600	3,659
Profit for the year		1,538	941
		<u>6,138</u>	<u>4,600</u>
Profit and loss account carried forward		<u>8,638</u>	<u>7,100</u>

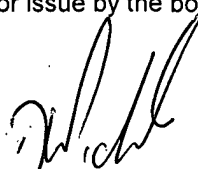
The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M L Wilson (Chairman)

Director

Date: 21/03/2019



D K Pickerill

Director

21/03/2019

The notes on pages 14 to 36 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	2,463	37	2,746	2,235	7,481
Comprehensive income for the year					
Profit for the year	-	-	-	144	144
Currency translation differences	-	-	-	70	70
Deferred tax on revaluation	-	-	13	-	13
Total comprehensive income for the year	-	-	13	214	227
Transfer to/from profit and loss account	-	-	(77)	77	-
At 1 January 2018	2,463	37	2,682	2,526	7,708
Comprehensive income for the year					
Profit for the year	-	-	-	342	342
Currency translation differences	-	-	-	(6)	(6)
Surplus on revaluation of freehold property	-	-	1,338	-	1,338
Deferred tax on revaluation	-	-	(376)	-	(376)
Total comprehensive income for the year	-	-	962	336	1,298
Transfer to/from profit and loss account	-	-	(77)	77	-
At 31 December 2018	2,463	37	3,567	2,939	9,006

The notes on pages 14 to 36 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	2,463	37	3,659	6,159
Comprehensive income for the year				
Profit for the year	-	-	941	941
Total comprehensive income for the year	-	-	941	941
At 1 January 2018	2,463	37	4,600	7,100
Comprehensive income for the year				
Profit for the year	-	-	1,538	1,538
Total comprehensive income for the year	-	-	1,538	1,538
At 31 December 2018	2,463	37	6,138	8,638

The notes on pages 14 to 36 form part of these financial statements.

Retained earnings of the parent company at 31 December 2018 include dividends of £1,646k received from fellow subsidiaries.

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	342	144
Adjustments for:		
Depreciation of tangible assets	304	322
Loss on disposal of tangible assets	(7)	(16)
Interest receivable	(1)	-
Dividends receivable	(13)	-
Taxation charge	115	94
(Increase) in stocks	(375)	(101)
(Increase) in debtors	(333)	(266)
(Decrease) in creditors	(205)	(587)
Corporation tax (paid)/received	(221)	20
Foreign exchange gains and losses	(6)	70
Loss on revaluation of current asset investment	82	-
Net cash generated from operating activities	<u>(318)</u>	<u>(320)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(216)	(218)
Sale of tangible fixed assets	37	16
Purchase of listed investments	(3)	-
Purchase of short term listed investments	(1,524)	-
Sale of short term listed investments	48	-
Interest received	1	-
Dividends received	13	-
Net cash from investing activities	<u>(1,644)</u>	<u>(202)</u>
Net (decrease) in cash and cash equivalents	<u>(1,962)</u>	<u>(522)</u>
Cash and cash equivalents at beginning of year	2,971	3,493
Cash and cash equivalents at the end of year	<u>1,009</u>	<u>2,971</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,009	2,971
	<u>1,009</u>	<u>2,971</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Ayrshire Metal Products Plc is a Limited Liability Company incorporated in Scotland. Its registered office address is Excel House, 30 Semple Street, Edinburgh, EH3 8BL. The principal activity of the Company is a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

2.3 Going concern

The financial statements have been prepared on a going concern basis as the directors have considered the performance of the Company for a period of at least 12 months from the approval of the financial statements and deem the available cash and other resources sufficient to fund its activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contributions pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

Defined benefit pension plan

The Group operates a defined benefit pension scheme. Certain Directors are members of the scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The assets of the scheme are held, administered and invested independently of the Group.

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. Disclosures in respect to the relevant scheme are set out in note 23.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 3.5% per annum
Long-term leasehold property	- 3.5% per annum
Plant and machinery	- 8-50% per annum
Motor vehicles	- 20-25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.13 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

AYRSHIRE METAL PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The principal judgments and estimates considered by the Directors in these financial statements are as follows:

- Actuarial assumptions in relation to the defined benefit pension scheme - the assumptions are set out in detail in note 23 and the Directors have taken advice from an Actuary in the preparation of the scheme valuation and related disclosures.
- The rates of depreciation applied to fixed assets are management estimates. The rates applied are based on the experience of the business in the consumption of economic value of different classes of assets and are regularly reconsidered as the business develops.
- Other provisions made which could have an impact on the financial statements include a bad debt provision. This is based on a set of criteria designed by the Group and applied on a consistent basis.
- The valuation of freehold property as set out in note 12 is an estimate of the Directors.

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

The geographical analyses are not disclosed as the directors believe this is prejudicial to the interest of the Group.

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	304	322
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	2	3
- The audit of the Group's subsidiaries pursuant to legislation	19	26
- Tax compliance services	15	7
- Review of pension trust	-	4
- Accounts preparation	2	3
Exchange differences	44	53
Operating lease rentals - buildings	101	97
Operating lease rentals - plant, machinery and vehicles	162	175

AYRSHIRE METAL PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Wages and salaries	5,481	5,619	-	-
Social security costs	477	475	-	-
Cost of defined contribution scheme	103	101	-	-
	6,061	6,195	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Management	13	13
Administration	39	41
Sales	30	31
Production	59	64
	141	149

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	451	799
Company contributions to defined contribution pension schemes	3	3
	<u>454</u>	<u>802</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes, and 3 directors (2017 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £177k. In 2017 the highest paid director received remuneration of £335k.

The total accrued pension provision of the highest paid director in 2018 as at 31 December 2018 amounted to £Nil. The total accrued pension provision of the highest paid director in 2017 as at 31 December 2017 amounted to £72,000.

Remuneration in respect of Key Management Personnel totalled £1,021k (2017 - £1,246k). Pension contributions in respect of defined contribution schemes totalled £12k (2017 - £7k).

8. Income from investments

	2018	2017
	£000	£000
Income from current asset investments	<u>13</u>	<u>-</u>

9. Interest receivable

	2018	2017
	£000	£000
Other interest receivable	<u>1</u>	<u>-</u>

AYRSHIRE METAL PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	-	23
Adjustments in respect of previous periods	(52)	(2)
	<u>(52)</u>	<u>21</u>
Foreign tax		
Foreign tax on income for the year	157	77
	<u>157</u>	<u>77</u>
Total current tax	<u>105</u>	<u>98</u>
Deferred tax		
Origination and reversal of timing differences	20	(4)
Unutilised losses	(10)	-
	<u>10</u>	<u>(4)</u>
Taxation on profit on ordinary activities	<u>115</u>	<u>94</u>

AYRSHIRE METAL PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	457	238
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	87	46
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1
Higher rate taxes on overseas earnings	67	36
Adjustments to tax charge in respect of prior periods	(52)	(2)
Short term timing difference leading to an increase (decrease) in taxation	20	-
Fixed asset differences	16	16
Non-taxable income	-	(3)
Research and development	(23)	-
Total tax charge for the year	115	94

Factors that may affect future tax charges

The main rate of corporation tax reduced from 1 April 2017 to 19% and will reduce to 17% from April 2020 (a change which was substantively executed as of 15 September 2016 as part of the Finance Act 2016).

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,538k (2017 - £941k).

AYRSHIRE METAL PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 January 2018	3,520	280	11,035	14,835
Additions	-	-	216	216
Disposals	-	(264)	(4,778)	(5,042)
Revaluations	894	-	-	894
Exchange adjustments	-	-	5	5
At 31 December 2018	4,414	16	6,478	10,908
Depreciation				
At 1 January 2018	168	264	10,338	10,770
Charge for the year on owned assets	82	2	220	304
Disposals	-	(264)	(4,748)	(5,012)
On revalued assets	(250)	-	-	(250)
Exchange adjustments	-	-	5	5
At 31 December 2018	-	2	5,815	5,817
Net book value				
At 31 December 2018	4,414	14	663	5,091
At 31 December 2017	3,352	16	697	4,065

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets (continued)

Company

	Freehold property £000
Cost or valuation	
At 1 January 2018	14
At 31 December 2018	<u>14</u>
Net book value	
At 31 December 2018	<u>14</u>
At 31 December 2017	<u>14</u>

Included in the net book value of freehold land and buildings is £1,799k (2017 - £1,235k) of land which is not depreciated.

Freehold property held by the Company is carried at fair value which has been estimated by the directors.

Freehold property owned by a subsidiary was revalued on 31 December 2018 following a professional valuation by Underwoods LLP on an existing use basis. The historic cost of this property was £1,617k (2017 - £1,617k). The accumulated depreciation on historic cost would have been £1,270k (2017 - £1,268k) if the properties were not revalued.

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	1,460
At 31 December 2018	<u>1,460</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ayrshire Metal Products (Daventry) Ltd	Excel House, 30 Semple Street, Edinburgh, EH3 8BL	Ordinary	100%
Ayrshire Metal Pension Trust Ltd	Excel House, 30 Semple Street, Edinburgh, EH3 8BL	Ordinary	100%
Ayrframe Ltd	Excel House, 30 Semple Street, Edinburgh, EH3 8BL	Ordinary	100%
Airframe Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
Ayrshire Steel Framing Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
System-Bau-Elemente Vertriebs GmbH	Offenbachstr. 1, 81241 München, Germany	Ordinary	100%
Ayrshire Metals Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£000	£000
Ayrshire Metal Products (Daventry) Ltd	10	-
Ayrshire Metal Pension Trust Ltd	-	-
Ayrframe Ltd	-	-
Airframe Ltd	-	-
Ayrshire Steel Framing Ltd	26	10
System-Bau-Elemente Vertriebs GmbH	461	320
Ayrshire Metals Ltd	1,647	133

14. Stocks

	Group 2018 £000	Group 2017 £000
Raw materials and consumables	2,059	1,671
Work in progress (goods to be sold)	748	762
	<u>2,807</u>	<u>2,433</u>

Stock recognised in cost of sales during the year as an expense was £14,463k (2017 - £14,793k).

An impairment gain of £42k (2017 - loss of £2k) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	2,850	2,698	-	-
Amounts owed by group undertakings	-	-	5,609	4,485
Other debtors	184	61	1	-
Prepayments and accrued income	276	218	-	-
Deferred taxation	-	-	10	-
	<u>3,310</u>	<u>2,977</u>	<u>5,620</u>	<u>4,485</u>

An impairment gain of £63k (2017 - loss of £10k) was recognised against trade debtors.

16. Current asset investments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Listed investments	1,419	-	1,419	-

17. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	1,009	2,971	155	1,151

18. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade creditors	2,874	2,519	-	-
Corporation tax	57	173	-	-
Other creditors	-	24	-	-
Accruals and deferred income	1,209	1,724	30	10
	<u>4,140</u>	<u>4,440</u>	<u>30</u>	<u>10</u>

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	298	315
Charged to profit and loss	10	(4)
Charged to other comprehensive income	182	(13)
At end of year	490	298

Company

	2018 £000
Charge to comprehensive income	(10)
At end of year	(10)

	Group 2018 £000	Group 2017 £000	Company 2018 £000
Accelerated capital allowances	16	6	-
Tax losses carried forward	(14)	-	(10)
Property revaluation	498	316	-
Other timing differences	(10)	(24)	-
	490	298	(10)

20. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
9,850,640 (2017 - 9,850,640) Ordinary shares of £0.25 each	2,463	2,463

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Reserves

Revaluation reserve

Represents the revaluation gains from revaluation of freehold property.

Capital redemption reserve

Represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the Company.

Profit and loss account

Records cumulative effect of all historic profits for the Group and Company.

22. Capital commitments

At 31 December 2018 the Group had capital commitments as follows:

	2018	2017
	£000	£000
Contracted for but not provided in these financial statements	188	26
Authorised but not contracted for	97	8
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

23. Pension commitments

A) Group Personal Pension Scheme

The Group operates a defined contributions pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £103k (2017 - £101k). Contributions totalling £14k (2017 - £26k) were payable to the fund at the reporting date.

B) Senior Officials' Pension Scheme

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. The decision has been taken in order that the Financial Statements of the Group show a true and fair view.

All other disclosures required under FRS 102 are set out below in order to provide sufficient information had a decision been taken to recognise matters relating to the Defined Benefit Pension Scheme in the primary statements of the Group.

Ayrshire Metal Products Plc sponsors the Ayrshire Metal Products Senior Official's Pension Scheme which is a funded defined benefit arrangement.

Over the financial year the employer continued to enjoy a contribution holiday except for payment of premiums to insure death in service benefits and the ongoing administrative and management expenses of running the scheme.

Composition of plan assets:

	2018 £000	2017 £000
Equities	14,225	15,341
Bonds	2,592	2,677
Cash	102	87
Total plan assets	16,919	18,105

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2018 £000	2017 £000
Opening defined benefit obligation	6,263	6,169
Current service cost	123	188
Interest cost	163	176
Actuarial gains and (losses)	337	(173)
Benefits paid	(310)	(97)
Closing defined benefit obligation	6,576	6,263

Reconciliation of fair value of plan assets were as follows:

	2018 £000	2017 £000
Opening fair value of scheme assets	18,105	15,053
Actual return on scheme assets less interest income	(1,296)	2,761
Interest income	473	424
Administrative expenses	(53)	(36)
Benefits paid	(310)	(97)
	16,919	18,105

The Group expects to contribute £Nil to its Defined Benefit Pension Scheme in 2019.

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	2.9	2.6
Future salary increases	3.8	3.8
Future pension increases	3.5	3.5
Revaluation in deferment	2.5	2.5
Inflation assumption	3.5	3.5
Mortality rates		
- for a male aged 60 now	27	28
- at 60 for a male aged 40 now	29	30
- for a female aged 60 now	29	30
- at 60 for a female member aged 40 now	31	32
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	£000	£000
Fair value of plan assets	16,919	18,105
Fair value of scheme liabilities	(6,576)	(6,263)
Unrecoverable surplus	(10,153)	(11,578)
	<hr/>	<hr/>
Asset	190	264
	<hr/> <hr/>	<hr/> <hr/>
Pension asset	190	264
Deferred tax	(32)	(45)
	<hr/>	<hr/>
Net asset	158	219
	<hr/> <hr/>	<hr/> <hr/>

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

24. Commitments under operating leases

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

Group	2018 £000	2017 £000
Not later than 1 year	174	172
Later than 1 year and not later than 5 years	278	255
Later than 5 years	7	-
	459	427

25. Guarantees and other financial commitments

Guarantees given in respect of performance bonds in the normal course of business amounted to £8k at 31 December 2018 (2017 - £8k).

The Company is party to an unlimited cross guarantee arrangement with certain subsidiary undertakings in respect of Group banking arrangements. At 31 December 2018 the Company had a contingent liability of £Nil (2017 - £Nil) in respect of this guarantee.

26. Controlling party

Knapdale (Nominees) Ltd, a company controlled by M.L. Wilson, controls 5,114,000 of the issued share capital of Ayrshire Metal Products Plc, and is the ultimate controlling party.